

Why Retention will be the Biggest Talent Challenge of 2017

By Lars Schmidt; December 16, 2016

As talent leaders continue to beat the “war for talent” drums, are they missing the bigger risk to their organizations?

The U.S. unemployment rate fell to 4.6 in November 2016, the lowest jobless rate since August 2007. This trend was steady throughout 2016. To remain competitive companies began investing more in their recruiting capabilities, particular in the growing field of employer branding where they aim to attract talent by shaping candidate perceptions and influencing sentiment.

According to LinkedIn’s Global Recruiting Trends 2016, 59% of companies are investing more in their employer brand compared to last year. Five years ago the field of employer branding was just emerging on the scene as a focused effort for recruiting teams. Today it’s a core component of a comprehensive talent strategy.

While this makes sense in today’s connected candidate marketplace, an over-emphasis on talent attraction and hiring without equal emphasis on development and retention will create problems for companies in the new year.

Dig a bit deeper into the LinkedIn’s report findings, and you’ll find that only 32% of global talent leaders view retention as a top priority over the next 12 months. This view may be short-sighted. As the economy continues to strengthen and job fluidity continues to shrink tenure, retention will become an increasingly important factor in determining with companies thrive and which struggle to maintain sufficient talent levels.

Recruiting Vs. Human Resources

The turf war between recruiting and HR lives in many organizations. This conflict is typically driven by recruiting hubris, and an over-emphasis on the importance of recruiting and talent attraction over perceived administrative functions of HR.

Recruiting views what they do as critical to their organization – and they’re right – but a myopic view that elevates the importance of hiring while diminishing the value of core HR functions tasked with the development and retention of those hires can undermine even the best recruiting.

While the ability to attract and recruit talent is vital to any company’s success – many companies fail to have a holistic approach to the entire candidate lifecycle from attraction through onboarding and development. This disconnect creates a fractured process where companies over-emphasize hiring and under-emphasize development, leading to retention issues and creating an endless loop of new recruiting.

Factors Influencing Retention

Assuming the economic engine continues to grow under the new administration, hiring will continue to grow in the New Year. This growth will put even more pressure on organizations to retain the talent they’ve worked so hard to secure over the past years.

Part of this shift is generational. According to the U.S. Bureau of Labor Statistics, 18-35 year-olds had an average tenure of 1.6 years per job in January 2016. By 2020 millennials and gen-Z will make up 50% of the workforce. We’re not far off from having a majority generation in our workforce that expects to work with you for less than two years.

Other factors like the rise of the gig economy and entrepreneurial exploration are also luring talent away from full-time jobs.

While the factors above illustrate the increasing strain on employers to keep talent – it doesn't have to mean perpetual external recruitment. Companies that invest as much time and resources in the development of their talent will be the real winners in the coming years.

It's time to think of recruiting as something that doesn't stop until an employee has left the building (and arguably not even then with alumni and boomerang recruiting efforts). Viewing your employees as fundamental building blocks of your organization, not commodities, will allow you to shift your mindset (and resources) towards continual development and growth, helping you keep your talent longer.

Tours of Duty

LinkedIn Founder, Reid Hoffman, introduced the idea of “tours of duty” when he founded the company. In his book, *The Alliance*, he explores the fluid nature of employment and encourages employers to find win-win engagements that offer clear value to both the employee and employer. These engagements are often time-limited before the value is met, and at that time new arrangements need to be found to maintain engagement on both sides.

The notion is similar to the view of a career lattice, rather than the legacy career ladder construct. While ladders provide vertical career growth, they're often constrained by available opportunities and tenured employees. This talent logjam creates bottlenecks when tenured senior employees stay, impeding developing of up and coming high-potentials and causing them to leave for lack of growth opportunities.

Career lattices allow organizations to continually re-recruit employees and develop them into new roles. This is particularly important with younger talent who are still in an exploratory phase of their career and not locked into a vertical path. This approach also addresses some of the niche skills gap recruiting challenges by enabling organizations to grow and develop their talent.

While this requires a bit of push back to the “fully baked talent” hiring model many companies embrace, it ensures a deeper bench of talent while increasing retention – thus removing some of the strains on the recruiting engine.

As you enter 2017 keen on maintaining your recruiting arms race, be sure you're not shorting your development and retention efforts – or you may find yourself in a cycle of vacancies that you can't recruit your way out of in the new year.

<http://www.forbes.com/sites/larsschmidt/2016/12/16/why-retention-will-be-the-biggest-talent-challenge-of-2017/#789652497f50>